

**OFFICE OF THE TREASURER**

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# The Treasury Note

A monthly newsletter of municipal finance  
May 1, 2001

## Recent State Bond Sales

If you are interested in purchasing the bonds mentioned below, please contact your broker.

### Department of Veterans Affairs

The State Treasurer conducted two bond sales for the Department of Veterans Affairs on April 19, 2001. The first sale included \$40 million in revenue bonds. The bonds were issued to retire certain outstanding veterans general obligation bonds, and to finance new contracts of purchase under the Farm and Home Purchase Program. The bonds were insured by Ambac Assurance Corporation.

The second bond sale involved a total of \$86 million in general obligation bonds. The bonds were issued to refund certain outstanding veterans general obligations and to finance new contracts of purchase under the Farm and Home Purchase Program. The bonds were insured by the Financial Security Assurance Inc.

The two bond sales were led by Merrill Lynch & Co. Bear, Stearns & Co. Inc. and Lehman Brothers served as co-senior managers. The co-managers included Banc of America Securities LLC; Dain Rauscher Incorporated; Goldman Sachs & Co.; Great Pacific Securities, Inc.; J.P. Morgan Securities Inc.; Mischler Financial Group, Inc.; Pacific American Securities, LLC; Roberts & Ryan Investments, Inc.; Salomon Smith Barney; and Sutro & Company. Hawkins, Delafield & Wood served as bond counsel with Quateman & Zidell LLP serving as disclosure counsel. Public Resources Advisory Group served as financial advisor. Orrick Herrington & Sutcliffe served as special counsel to the State on the general obligation bond sale.

## UCLA Anderson Forecast

In April, the UCLA Anderson Forecast published its quarterly economic forecasts for California and the nation predicting that 2001 will be a transition period from the high growth of recent years to a more sustainable level of growth beginning in 2002.

According to the forecast, the estimated growth of nonfarm employment in California will maintain at a rate well above estimates for the U.S. in 2001.

Forecasters expect California to experience a slowdown in growth as businesses invest less in technology and consumers reduce spending. Forecasters see the Bay Area economy experiencing a contraction as the high-technology sector struggles with lower sales and declining stock market valuations. The relative stability of Southern California will help spare the state from the recession expected to hit the nation as a whole.

## 2001-2003 Underwriting Pools

In February, the State Treasurer issued a request for qualifications to form a new pool of underwriters to provide services for the State, the State Public Works Board, joint powers authorities, financing authorities, and various state agencies.

On April 1, the Treasurer announced the selection of 65 firms to the various underwriting pools. A listing of the firms in the pools is available on our website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

Requests for qualifications will be accepted on an ongoing basis until the pools' expiration in 2003. Firms wishing to apply may do so by completing the request for qualifications located on our website.

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## Listings of Redemptions and Defeasance

This listing reflects redemptions and defeasances officially announced as of May 1, 2001. Questions regarding this information can be directed to (800) 900-3873.

**Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J1, Dated Date: January 1, 1992 (Partial Redemption).** \$3,425,000 of the bonds due December 1, 2013, \$8,680,000 of the bonds due December 1, 2020 and \$3,065,000 of the bonds due December 1, 2022 will be redeemed on June 1, 2001.

**Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J2, Dated Date: January 1, 1992 (Partial Redemption).** \$23,465,000 of the bonds due December 1, 2013, \$16,300,000 of the bonds due December 1, 2020 and \$3,855,000 of the bonds due December 1, 2022 will be redeemed on June 1, 2001.

**Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J3, Dated Date: January 1, 1992 (Partial Redemption).** \$6,820,000 of the bonds due December 1, 2013, \$17,940,000 of the bonds due December 1, 2020, \$6,515,000 of the bonds due December 1, 2022, \$3,515,000 of the bonds due December 1, 2023 and \$1,920,000 of the bonds due December 1, 2024 will be redeemed on June 1, 2001.

**State of California Various Purpose General Obligation Bonds, Dated Date: April 1, 1993 (Partial Defeasance).** \$44,800,000 of the bonds maturing on April 1, 2015 will be redeemed on April 1, 2003.

**State of California Various Purpose General Obligation Bonds, Dated Date: March 1, 1994 (Partial Defeasance).** \$11,980,000 of the bonds maturing on March 1, 2005-2006 and March 1, 2015 will be redeemed on March 1, 2004.

**State of California Various Purpose General Obligation Bonds, Dated Date: August 1, 1994 (Partial Defeasance).** \$3,375,000 of the bonds maturing on August 1, 2005-2006 will be redeemed on August 1, 2004.

**State of California Various Purpose General Obligation Bonds, Dated Date: November 1, 1994 (Partial Defeasance).** \$430,000 of the bonds maturing on November 1, 2005-2006 will be redeemed on November 1, 2004.

**State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1995 (Partial Defeasance).** \$52,700,000 of the bonds maturing on October 1, 2007-2008 and October 1, 2011-2014 will be redeemed on October 1, 2005.

**State of California Various Purpose General Obligation Bonds, Dated Date: November 1, 1996 (Partial Defeasance).** \$11,380,000 of the bonds maturing on June 1, 2013 will be redeemed on June 1, 2006.

**State of California Various Purpose General Obligation Bonds, Dated Date: March 1, 1997 (Partial Defeasance).** \$46,715,000 of the bonds maturing on October 1, 2007-2013 will be redeemed on October 1, 2006.

**State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1997 (Partial Defeasance).** \$33,520,000 of the bonds maturing on October 1, 2011-2012 will be redeemed on October 1, 2007.

**State of California Various Purpose General Obligation Bonds, Dated Date: April 1, 1998 (Partial Defeasance).** \$20,000,000 of the bonds maturing on October 1, 2011 will be redeemed on October 1, 2008.

**State of California Various Purpose General Obligation Bonds, Dated Date: October 1, 1999 (Partial Defeasance).** \$69,525,000 of the bonds maturing on October 1, 2010-2016 will be redeemed on October 1, 2009.

**State of California Various Purpose General Obligation Bonds, Dated Date: December 1, 1999 (Partial Defeasance).** \$61,980,000 of the bonds maturing on December 1, 2010-2015 will be redeemed on December 1, 2009.

## Bond Sales Calendar\*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website ([www.treasurer.ca.gov](http://www.treasurer.ca.gov)) or call (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Department of Water Resources Refunding Bonds	\$250 million	5/1/01
Department of Veterans Affairs, General Obligation Bonds	\$147 million	6/6/01
Various Purpose General Obligation Bonds and General Obligation Refunding Bonds (Refunding Subject to Market Conditions)	\$1 billion**	6/12/01
Water Resources Electric Power Program Bonds	To be determined	To be determined

\*Subject to change without notice.

\*\*Does not include possible refunding amounts.

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